Appendix H

PHASE ONE ASSESSMENT

Krazan & ASSOCIATES, INC.
GEOTECHNICAL ENGINEERING • ENVIRONMENTAL ENGINEERING
CONSTRUCTION TESTING & INSPECTION

May 10, 2005

Project No. 114-05035

Ms. Ginger Dix
Summit Builders
4700 Von Karman Avenue, Suite 100
Newport Beach, CA 92660

Re: Phase I Environmental Site Assessment
Approximately 153-Acre Vacant Parcel of Land
NWC of Otay Mesa and Harvest Roads
Unincorporated San Diego County, CA

Dear Ms. Dix:

Krazan & Associates, Inc., (Krazan) completed a Phase I Environmental Site Assessment at the above-referenced site, summarized in our report dated May 10, 2005. We appreciate the opportunity to serve your environmental due diligence needs. During the course of this assessment, Krazan identified the following evidence of Recognized Environmental Conditions as defined by ASTM E-1527-00 in connection with the subject site:

- The northwest corner of the subject site is occupied by a single-family residential structure and associated truck farm at 6495 Lone Star Road. The truck farm comprised a gravel parking lot adjoining the residential structure to the east. At the time of Krazan's site reconnaissance, five tanker trucks were stored in the truck farm area and one empty 1,000 gallon steel aboveground storage tank (AST) was located south of the residential structure. It appeared that commercial vehicle maintenance activities are being conducted on the subject site. Additionally, moderate quantities of paints and paint-related materials are stored in various locations around the exterior of the residential structure. Only minor surface staining of the soil was observed in the paint storage areas and within the truck farm area. Krazan recommends conducting a Limited Soil Assessment (LSA) in the truck farm area and paint storage areas to determine if on-site shallow soils have been impacted by petroleum hydrocarbons and solvents.

- A septic system and domestic water well are likely associated with the on-site dwelling located near the northwest corner of the subject site. However, it is unknown if a septic system or water well is currently located in the vicinity of the on-site dwelling. The presence of a septic system generally is not anticipated to adversely impact the subject site due to its use for domestic purposes only. However, given the apparent commercial use of the property for vehicle maintenance activities, a septic system has the potential to provide a migration pathway for hazardous materials utilized in on-site vehicle maintenance operations into the soil and groundwater beneath the subject site. If a septic system or domestic water well is identified during the redevelopment of the subject site, then the septic system and domestic water well should be properly abandoned/closed or destroyed in accordance with local and state guidelines. Additionally, Krazan recommends conducting a LSA in the vicinity of the septic system to

evaluate whether on-site soils have been impacted by hazardous materials which may have been disposed of into the septic system.

- Review of historical aerial photographs and visual observations made during Krazan's site reconnaissance indicate that the subject site was utilized for agricultural purposes for the cultivation of row crops from at least 1953 to approximately 1994. Agricultural chemicals in use today are applied in dilute concentrations and when used properly degrade relatively quickly. However, environmentally-persistent pesticides used in the past can linger in the soil for many years. It is not known if environmentally-persistent pesticides have been applied to the row crops grown on the subject site in the past. Generally, sampling and analysis of surface soils from properties with similar agricultural histories has typically yielded non-detectable concentrations of environmentally-persistent pesticides. Therefore, the potential for elevated concentrations of environmentally-persistent pesticides to exist in the near-surface soils of the subject site, which would require regulatory action, appears to be low. However, in order to verify the potential concentrations of environmentally-persistent pesticides in the subject site's near-surface soils, Krazan recommends conducting a LSA to identify environmentally-persistent pesticides and herbicides which may have been used in past on-site agricultural operations.

Additionally, the following Business Environmental Risk items were identified:

- Based upon the past use of the subject site for agricultural purposes, agricultural wells are likely to be located on the subject site. During Krazan's site reconnaissance, no agricultural wells were observed on the subject site. However, prior to the redevelopment of the subject site, Krazan recommends that agricultural wells (if any) be abandoned in accordance with all applicable state and local regulations.

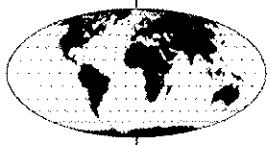
- Based upon the age of the residential structure located on the subject site, it is likely that asbestos containing materials (ACMs) and lead-based paint (LBP) may have historically been utilized for the construction and maintenance of the single-family dwelling. Therefore, Krazan recommends conducting a pre-demolition asbestos and LBP survey of the residential structure.

Our firm specializes in full-service Land Development Engineering with considerable project management experience. We look forward to putting the strengths of Krazan to work toward the completion of your site development.

Respectfully Submitted:
KRAZAN & ASSOCIATES, INC.

Richard P. Opp, JD, CHMM, REA
Environmental Division Manager

MGR/CJ



PHASE I ENVIRONMENTAL SITE ASSESSMENT APPROXIMATELY 153-ACRE VACANT PARCEL OF LAND NORTHWEST CORNER OF OTAY MESA AND HARVEST ROADS UNINCORPORATED SAN DIEGO COUNTY, CALIFORNIA

Project No. 114-05035
May 10, 2005

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Krazan & ASSOCIATES, INC.
SITE DEVELOPMENT ENGINEERS

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May 10, 2005

Project No. 114-05035

PHASE I ENVIRONMENTAL SITE ASSESSMENT
APPROXIMATELY 153-ACRE VACANT PARCEL OF LAND
NORTHWEST CORNER OF OTAY MESA AND HARVEST ROADS
UNINCORPORATED SAN DIEGO COUNTY, CALIFORNIA

1.0 EXECUTIVE SUMMARY

Krazan & Associates, Inc. (Krazan) has performed a Phase I Environmental Site Assessment (ESA) of the approximately 153-acre primarily vacant parcel of land located near the northwest corner of Otay Mesa and Harvest Roads in unincorporated San Diego County, California (subject site). See Figures 1 and 2 for the Site Vicinity Map and Aerial Photograph, respectively. Krazan conducted the Phase I ESA of the subject site in conformance with the American Society for Testing and Materials (ASTM) E1527-00 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The Phase I ESA constitutes appropriate inquiry designed to identify Recognized Environmental Conditions (RECs) in connection with the previous ownership and uses of the subject site as defined by ASTM E1527-00.

ASTM E1527-00 Section 1.1.1 *Recognized Environmental Conditions* – The term *recognized environmental conditions* means the presence or likely presence of any *hazardous substances* or *petroleum products* on a *property* under conditions that indicate an existing release, a past release, or a material threat of a release of any *hazardous substances* or *petroleum products* into structures on the *property* or into the ground, groundwater, or surface water on the *property*.

Krazan's findings of this Phase I ESA revealed the following evidence of RECs in connection with the subject site:

- The northwest corner of the subject site is occupied by a single-family residential structure and associated truck farm at 6495 Lone Star Road. The truck farm comprised a gravel parking lot adjoining the residential structure to the east. At the time of Krazan's site reconnaissance, five tanker trucks were stored in the truck farm area and one empty 1,000 gallon steel aboveground storage tank (AST) was located south of the residential structure. It appeared that commercial vehicle maintenance activities are being conducted on the subject site. Additionally, moderate quantities of paints and paint-related materials are stored in various locations around the exterior of the residential structure. Only minor surface staining of the soil was observed in the paint storage areas and within the truck farm area. Krazan recommends conducting a Limited Soil

Assessment (LSA) in the truck farm area and paint storage areas to determine if on-site shallow soils have been impacted by petroleum hydrocarbons and solvents.

- A septic system and domestic water well are likely associated with the on-site dwelling located near the northwest corner of the subject site. However, it is unknown if a septic system or water well is currently located in the vicinity of the on-site dwelling. The presence of a septic system generally is not anticipated to adversely impact the subject site due to its use for domestic purposes only. However, given the apparent commercial use of the property for vehicle maintenance activities, a septic system has the potential to provide a migration pathway for hazardous materials utilized in on-site vehicle maintenance operations into the soil and groundwater beneath the subject site. If a septic system or domestic water well is identified during the redevelopment of the subject site, then the septic system and domestic water well should be properly abandoned/closed or destroyed in accordance with local and state guidelines. Additionally, Krazan recommends conducting a LSA in the vicinity of the septic system to evaluate whether on-site soils have been impacted by hazardous materials which may have been disposed of into the septic system.

- Review of historical aerial photographs and visual observations made during Krazan's site reconnaissance indicate that the subject site was utilized for agricultural purposes for the cultivation of row crops from at least 1953 to approximately 1994. Agricultural chemicals in use today are applied in dilute concentrations and when used properly degrade relatively quickly. However, environmentally-persistent pesticides used in the past can linger in the soil for many years. It is not known if environmentally-persistent pesticides have been applied to the row crops grown on the subject site in the past. Generally, sampling and analysis of surface soils from properties with similar agricultural histories has typically yielded non-detectable concentrations of environmentally-persistent pesticides. Therefore, the potential for elevated concentrations of environmentally-persistent pesticides to exist in the near-surface soils of the subject site, which would require regulatory action, appears to be low. However, in order to verify the potential concentrations of environmentally-persistent pesticides in the subject site's near-surface soils, Krazan recommends conducting a LSA to identify environmentally-persistent pesticides and herbicides which may have been used in past on-site agricultural operations.

Additionally, the following Business Environmental Risk items were identified:

- Based upon the past use of the subject site for agricultural purposes, agricultural wells are likely to be located on the subject site. During Krazan's site reconnaissance, no agricultural wells were observed on the subject site. However, prior to the redevelopment of the subject site, Krazan recommends that agricultural wells (if any) be abandoned in accordance with all applicable state and local regulations.

- Based upon the age of the residential structure located on the subject site, it is likely that asbestos containing materials (ACMs) and lead-based paint (LBP) may have historically been utilized for the construction and maintenance of the single-family dwelling. Therefore, Krazan recommends conducting a pre-demolition asbestos and LBP survey of the residential structure.

2.0 PURPOSE AND SCOPE OF ASSESSMENT

2.1 Purpose

This Phase I ESA is designed to identify the presence of RECs in connection with the subject site through the research of previous and current ownership and uses of the subject site. Additionally, the purpose of the Phase I ESA is to permit the user to satisfy one of the requirements to qualify for what is commonly known as the "innocent landowner" defense to Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) liability as described by 42 U.S.C. Section 9601 (35)(B).

2.2 Scope of Work

The Phase I ESA includes the following scope of work: a) a review of local regulatory agency records, b) a review of local, state, and federal regulatory agency lists compiled by Environmental Data Resources, Inc. (EDR), c) a review of historical topographic maps and aerial photographs, d) a review of pertinent building permit records and city directories, e) a site reconnaissance of existing on-site conditions and observations of adjacent property uses, and f) interview(s) with person(s) knowledgeable of the previous and current ownership and uses of the subject site. The scope of work for this Phase I ESA conforms to ASTM E1527-00. Krazan was provided written authorization to conduct the Phase I ESA by Ms. Ginger Dix on April 11, 2005, in accordance with the scope of work outlined in Krazan's Proposal/Cost Estimate No. PLA05-089 dated April 6, 2005.

3.0 PHYSICAL SETTING

General property information and property use are summarized in Table I.

TABLE I
Summary of Property Information

Topographic Map:	U.S. Geological Survey, 7.5 minute Otay Mesa, California topographic quadrangle map, dated 1996.
Topographic Map Location:	Section 26, Township 18 South, Range 1 West, San Bernardino Baseline and Meridian.
Topography:	Gradually sloping to the south-southwest; the elevation is approximately 550 feet above mean sea level.
General Location:	Northwest corner of Otay Mesa and Harvest Roads, Unincorporated San Diego County, California.

TABLE I
Summary of Property Information

Assessor's Parcel Numbers:	646-240-30; 646-240-46; 646-240-48; 646-070-07; 646-070-15; 646-070-16; and 646-070-24
Approximate Depth to Groundwater:	Approximately 75-100 feet below ground surface (bgs), City of San Diego Water Department (SDWD).
Regional Groundwater Flow Direction:	Southwest, SDWD.
Existing Use:	Primarily vacant

3.1 Geology and Hydrogeology

The subject site is located in the San Diego Bay region within the Peninsular Range Geomorphic Province. The Peninsular Range Province is characterized by northwest trending mountain ranges separated by sub-parallel fault zones. The mountain ranges are underlain by basement rocks consisting of Jurassic meta-volcanic and meta-sedimentary rocks and Cretaceous igneous rocks of the southern California batholith. Surface and near surface deposits of the Peninsular Range Province are composed of late Cretaceous, Tertiary, and Quaternary sediments that flank the mountain ranges to the northeast and southwest. The depth to groundwater is reported to be at approximately 75-100 feet bgs with a general direction of flow to the southwest. There are no known regional groundwater impairments in the subject site area.

4.0 SITE RECONNAISSANCE

A site reconnaissance, which included a visual observation of the subject site and surrounding properties, was conducted by Krazan's environmental assessor on April 18, 2005. The objective of the site reconnaissance is to obtain information indicating the likelihood of identifying RECs, including hazardous substances and petroleum products, in connection with the property (including soils, surface waters, and groundwater).

4.1 Observations

Table II summarizes conditions encountered during our site reconnaissance. A discussion of physical observations follows Table II. Refer to the Site Map (Figure No. 3) and color photographs following the text for the locations of items discussed in this section of the report.

TABLE II
Summary of Site Reconnaissance

Feature	Observed	Not Observed
Structures (existing)	X	
Evidence of past uses	X	
Hazardous substances and/or petroleum products (including containers)	X	
Aboveground storage tanks (ASTs)	X	
Underground storage tanks (USTs) or evidence of USTs		X
Strong, pungent, or noxious odors		X
Pools of liquid likely to be hazardous materials or petroleum products		X
Drums		X
Unidentified substance containers	X	
Pad-mounted transformer/Pole-mounted transformer		X
Subsurface hydraulic equipment		X
Heating/ventilation/air conditioning (HVAC)		X
Stains or corrosion on floors, walls, or ceilings		X
Floor drains and sumps		X
Pits, ponds, or lagoons		X
Stained soil and/or pavement	X	
Stressed vegetation		X
Waste or wastewater discharges to surface or surface waters on subject site (including stormwater)		X
Wells (irrigation, domestic, dry, injection, abandoned, monitoring wells)		X
Septic Systems	X	

- The subject site is an approximately 153-acre irregular-shaped parcel located on the northwest corner of Otay Mesa and Harvest Roads. The subject site is primarily undeveloped land with the exception of a single-family residential structure and associated truck farm at 6495 Lone Star Road located near the northwest corner of the subject site. The approximately 1,800 square-foot single-family residential structure is of wood frame construction with stucco exterior walls on a concrete slab-on-grade foundation that appeared to be constructed in the early 1970s. Moderate quantities of paints and paint-related materials in one and five-gallon containers are stored in various locations around the exterior of the residential structure. Only minor surface staining of the soil was observed in the paint storage areas. Additionally, one empty 1,000 gallon steel AST was located south of the residential structure. No surface staining of the soil in the vicinity of the AST was observed.

- Two approximately 1,200 square-foot metal storage buildings on concrete slab-on-grade foundations are located east of the single-family residential structure. At the time of Krazan's site reconnaissance the storage buildings contained household appliances, furniture, tires and miscellaneous household debris. A gravel parking lot adjoined the storage buildings to the north and west. Five tanker trucks were parked in the parking lot. Minor surface staining of the gravel parking lot surface was observed in the vicinity of the tanker trucks. At the time of Krazan's site reconnaissance it appeared that commercial vehicle maintenance activities were being conducted on-site.

- Several large wooden produce containers were observed north of the asphalt parking area located on the south side of the subject site adjoining Otay Mesa Road to the north. A wooden fence,

office furniture and miscellaneous household debris were observed in this area of the subject site formerly occupied by the Pinos fruit stand.

- Signage indicating the presence of a natural gas pipeline located on the east side of the subject site running parallel to Harvest Road was observed during Krazan's site reconnaissance. The natural gas pipeline is owned and operated by San Diego Gas and Electric (SDG&E).

- Visual observations of the subject site revealed that exposed surface soils did not exhibit obvious signs of discoloration with the exception of the gravel parking lot area. No obvious evidence (vent pipes, fill pipes, dispensers, etc.) of USTs was noted within the area observed. No standing water was observed on the subject site. No visual indications of previous structures, such as foundations were observed on the subject site. There was no evidence of any fill material observed on the subject site

- No electrical power lines rated at 69,000 volts or higher were located within 100 feet of the subject site.

4.2 Adjacent Streets and Property Usage

Table III summarizes the current adjacent roads and site uses observed during the site reconnaissance.

TABLE III
Adjacent Streets and Property Use

Direction	Adjacent Street	Adjacent Property Use
North	Lone Star Road	Undeveloped Land
East	Harvest Road	Composting Facility and Undeveloped Land
South	Otay Mesa Road	Undeveloped Land
West	None	Undeveloped Land

Based on the observed uses of the properties located immediately adjacent to the subject site, it is unlikely that significant quantities of hazardous materials are stored at the adjacent properties.

4.3 Asbestos-Containing Building Materials

The single-family residential structure located on the subject site was constructed in approximately the early 1970s. It is unknown if the on-site structure contains asbestos-containing building materials (ACBMs). Prior to conducting any repair, renovation or demolition work an asbestos survey must be conducted. However, an asbestos survey and sampling of the on-site structure was not included with the scope of this assessment.

4.4 Lead-Based Paint

During Krazan's April 18, 2005 site reconnaissance, interior and exterior paint appeared in good conditions with no evidence of peeling or damage. However, it is unknown if the on-site single-family residential structure contains lead-based paint. A lead-based paint survey was not conducted within the scope of this assessment.

4.5 Radon

Radon is a radioactive gas that is found in certain geologic environments and is formed by the natural breakdown of radium, which is found in the earth's crust. A radon survey was not included within the scope of this investigation; however, the State of California Department of Health Services (DHS) conducted a statewide radon survey during 1990-1991, which entailed testing of radon in homes in designated geographic areas. Radon detection devices were placed in homes throughout the study region to determine geographic regions with elevated radon concentrations. The U.S. EPA has set the safety standard for radon gas in homes to be 4 pico Curies per liter (pCi/l).

Although the DHS radon survey was conducted in residences and not in commercial properties, the radon concentrations in the geographical region of the subject site average below 4 pCi/l. Therefore, radon is not anticipated to adversely impact the subject site. However, since radon concentrations may vary from one area to another, one method to measure radon concentrations present in the subject site building is to conduct a limited short-term radon survey.

4.6 Potable Water Source

The water purveyor for the subject site area is the City of San Diego Water Department. The City of San Diego's water quality monitoring is an on-going program with water samples obtained on a regular basis. It is the responsibility of the City of San Diego to provide customers with potable water in compliance with the California State Maximum Contaminant Levels (MCLs) for primary drinking water constituents in water supplied to the public.

4.7 Sewage Disposal System

The City of San Diego was contacted regarding historical sewage disposal practices at the property. According to a representative of the San Diego Water Department, only industrial facilities are monitored for sewer violations, therefore, no sewer violations are on file for the subject site. Furthermore, according to the Water Department, there are no records of any known septic systems on the subject site.

5.0 SITE USAGE SURVEY

The property usage survey included assessing property history, and reviewing local, state, and federal regulatory agency records.

5.1 Site History

A review of historical aerial photographs, County of San Diego Building Department (CSDBD) records, Sanborn Fire Insurance Maps (SFIMs), and a Phase I ESA Questionnaire were used to assess the history of the subject site.

Aerial Photograph Interpretation

Historical aerial photographs dated 1953, 1963, 1974, 1989, 1994, and 2002 were reviewed to assess the subject site's history. These photographs were obtained from EDR. Aerial photograph coverage for the years prior to 1953 was not reasonably ascertainable or available. The aerial photograph summary is provided in Table IV.

TABLE IV
Summary of Aerial Photograph Review

Year/Scale	Site Use	Site and Adjacent Property Observation
1953 1" = 555'	Residential/ Agricultural	The subject site appears to be utilized for agricultural purposes for the cultivation of row crops. What appears to be a single-family residential structure and associated out-buildings are located in the north-central portion of the subject site adjoining Lone Star Road to the south. What appears to be a two-lane unpaved road (Lone Star Road) adjoins the subject site to the north, beyond which is undeveloped land. A two-lane unpaved road (Harvest Road) adjoins the subject site to the east, beyond which undeveloped land. What appears to be a two-lane paved road (Otay Mesa Road) adjoins the subject site to the south, beyond which is agricultural land. Agricultural land adjoins the subject site to the west.
1963 1" = 555'	Residential/ Agricultural	The subject site and all adjoining properties appear to be similar as shown in the 1953 aerial photograph.
1974 1" = 600'	Residential/ Agricultural	The subject site and all adjoining properties appear to be similar as shown in the 1963 aerial photograph with the exception of the construction of a single-family residential structure and two storage buildings similar in size and shape to the subject buildings observed during Krazan's site reconnaissance, located near the northwest corner of the subject site.

TABLE IV (cont'd)
Summary of Aerial Photograph Review

1989 1" = 666'	Residential/ Agricultural	The subject site and all adjoining properties appear to be similar as shown in the 1974 aerial photograph with the exception of what appears to be a small commercial building (produce stand) located on the south side of the subject site, adjoining Otay Mesa Road to the north. Otay Mesa Road appears to be a four-lane divide highway and extends south for the subject site. Additionally, the single-family residential structure and associated out-buildings originally observed in the 1953 aerial photograph located in the north-central portion of the subject site appear to have been demolished.
1994 1" = 666'	Residential/ Agricultural	The subject site and all adjoining properties appear to be similar as shown in the 1989 aerial photograph with the exception of what appears to be a large oval-shaped dirt pathway adjoining the on-site single-family residential structure and truck farm to the south.
2002 1" = 666'	Residential/ Vacant	The subject site and all adjoining properties appear to be similar as shown in the 1994 aerial photograph with the exception of what appears to be a large area of graded and excavated soil located near the southwest corner of Lone Star and Harvest Roads. Additionally, what appears to be a commercial operation utilizing at least two ASTs is located adjoining the subject site to the southeast.

County of San Diego Building Department

On April 19, 2005 the County of San Diego Building Department (CSDBD) was contacted regarding records for the subject site address. According to the CSDBD, no building permit records were on file for the subject site address. Therefore, no permits for items of environmental significance such as USTs, septic systems or building demolition were on file for the subject site address.

Phase I Environmental Site Assessment Questionnaire

On May 9, 2005, a Phase I ESA Questionnaire was submitted to Ms. Ginger Dix of Summit Builders. The questionnaire is designed to provide pertinent information regarding environmental and historical impacts associated with the subject site relating to on-site treatment and/or discharge of waste; on-site leach fields, dry wells, sumps, or disposal ponds; the use, storage or disposal of hazardous materials; existing or former ASTs or USTs; on-site hazardous materials spills; buried materials; on-site monitoring, domestic, or irrigation wells; and other items of environmental concern. The completed questionnaire was not received from Ms. Dix prior to the issuance of this report. However, the questionnaire responses are not anticipated to alter the conclusions and recommendations of the Phase I ESA investigation. An addendum to the Phase I ESA report will be issued upon receipt of the completed questionnaire. A copy of the Phase I ESA Questionnaire is included in Appendix A.

5.2 Agricultural Chemicals

Review of the historical aerial photographs dating to 1953 reveals that the subject site has not been used for agricultural purposes since at least 1953. Based upon the length of time since the subject site and adjacent properties may have last been used for agricultural purposes, it is not anticipated that elevated concentrations of environmentally-persistent pesticides would be found in the near-surface soils of the subject site. Krazan's sampling and analysis of surface soils from properties with similar histories has typically yielded non-detectable results for analysis of environmentally-persistent pesticides. Therefore, it is not anticipated that elevated concentrations of environmentally-persistent pesticides would be found in the near-surface soils of the subject site.

5.3 Local Regulatory Agency Interface

A review of the most current local regulatory agency records was conducted to help determine if hazardous materials have been handled, stored, or generated on the subject site and/or the adjacent properties and businesses.

San Diego County Department of Environmental Health

On April 19, 2005, the San Diego County Department of Environmental Health (SDCDEH) was contacted regarding records of historical hazardous/flammable permits, hazardous materials handling, hazardous/flammable incidents, and/or USTs that are on file for the subject site address of 6495 Lone Star Road. According to SDCDEH records, the subject site address was identified as a small quantity generator of used oil. The last SDCDEH inspection of the facility was conducted in July 1992 at which time one 55-gallon drum containing used oil was observed. The facility reportedly generated a maximum of 110 gallons of used oil annually. No permits for USTs were on file for the subject site address.

5.4 Regulatory Agency Lists Review

Several agencies have published documents that list businesses or properties which have handled hazardous materials or waste or may have experienced site contamination. The lists consulted in the course of our assessment were compiled by EDR and Krazan on April 14, 2005, and represent reasonably ascertainable current listings. Krazan did not verify the locations and distances of every property listed by EDR. Krazan verified locations and distances of the properties Krazan deemed as having the potential to pose an environmental impact to the subject site. The actual location of the listed properties may differ from the EDR listings. Table V summarizes the listed properties located within the ASTM Search Radii. The actual distances of the listed properties (which are summarized in Table V) are based on observations during Krazan's site reconnaissance. No unmapped properties were determined to be

located within the search radii specified for each of the following lists. General information for the Regulatory Agency Lists reviewed, the Regional Map, and the EDR report are included in Appendix B.

TABLE V
Listed Properties

EDR Radius Map Summary						
Database	**Type of Records**	**Subject Site**	**<1/8 Mile**	**1/8 to ¼ Mile**	**¼ to ½ Mile**	**½ to 1 Mile**
Federal ASTM Standard:						
NPL	Sites for priority cleanup	0	0	0	0	0
Proposed NPL	Proposed NPL cleanup sites	0	0	0	0	0
CERCLIS	Database of potentially hazardous waste sites for possible inclusion on the NPL	0	0	0	0	0
CERC/NFRAP	Sites designated as No Further Action and removed from the CERCLIS	0	0	0	0	0
CORRACTS	RCRA Corrective Action Activity	0	0	0	0	0
RCRIS-TSD	RCRA registered sites for transport, store and disposal	0	0	0	0	0
RCRIS Lg. Quan. Gen.	RCRA registered large generators of hazardous waste facilities	0	0	0	0	0
RCRIS Sm. Quan. Gen.	RCRA registered small generators of hazardous waste facilities	0	0	0	0	1
ERNS	Emergency Response Notification System of spills	0	0	0	1	---
State ASTM Standard:						
AWP	Annual Workplan Sites targeted for cleanup	0	0	0	0	0
Cal-Sites	Confirmed hazardous substance release properties	0	0	0	0	0
CHMIRS	Accidental releases or spills sites	0	0	0	0	---
Cortese	Hazardous Waste & Substances Sites List	0	0	0	0	---
Notify 65	Impact to drinking water and potential health risk to the public	0	0	0	0	0
Toxic Pits	Toxic Pits cleanup facilities	0	0	0	0	0
SWF/LF (SWIS)	Active, Closed, and Inactive Landfills	0	0	0	0	2
WMUDS/SWAT	Waste Management Unit Database for tracking and inventory of waste management units	0	0	0	0	0
LUST	Leaking Underground Storage Tanks report	0	0	0	0	0
CA Bond Exp Plan	Bond Expenditure Plan	0	0	0	0	0
UST	Registered underground tanks	0	0	0	0	0
CA FID UST	Facility Inventory Database of active and inactive UST locations	0	0	0	0	0
HIST UST	Hazardous substance storage container database of UST sites	0	0	0	0	0
Federal ASTM Supplemental:						
CONSENT	NPL Superfund list of sites after settlement of litigation matters	0	0	0	0	0
ROD	Records of Decision document sites aid in the cleanup of NPL sites	0	0	0	0	0
Delisted NPL	NPL sites deleted where no further response is appropriate	0	0	0	0	0
FINDS	Facility Index System/Facility Identification Initiative Program Summary Report	0	0	0	0	---
HMIRS	HMIRS contains hazardous material spill incidents reported to DOT	0	0	0	0	---
MLTS	Material Licensing Tracing System lists sites which possess or use radioactive materials	0	0	0	0	---

TABLE V (cont'd)
Listed Properties

MINES	Mines Master Index File	0	0	0	---	---
NPL Liens	NPL listing of filed Superfund Liens sites	0	---	---	---	---
PADS	Identifies generators, transporters, commercial storers and/or brokers and disposers of PCBs	0	0	0	0	---
RAATS	Records base on enforcement actions issued to major violators	0	0	0	0	---
TRIS	Toxic Release Inventory System database	0	0	0	0	---
TSCA	Identifies manufacturers and importers of chemical substances	0	0	0	0	---
FTTS	Tracking system of pesticide enforcement actions and compliance activities	0	0	0	0	---
State or Local ASTM Supplemental						
AST	Registered aboveground tanks	0	0	0	0	---
CLEANERS	A list of dry cleaner related facilities	0	0	0	0	0
CA WDS	Sites which have been issued waste discharge requirements	0	0	0	0	---
DEED	List of Deed Restrictions	0	0	0	0	---
CA SLIC		0	0	0	0	---
HAZNET	Copies of hazardous waste manifests received by the DTSC	0	0	0	0	---
San Diego Co. HMMD	San Diego County Hazardous Materials Management Division Database	0	0	0	1	---
Additional Regulatory Agency Lists Information						
US EPA, Federal Superfund Liens List and California Liens		0	0	0	0	0
Cal EPA, Recorded Dead Restrictions		0	0	0	0	0
The Munger Map Book California-Alaska Oil and Gas Fields Munger Maps		0	0	0	0	0

0 = No sites in radius identified
-- = Not Searched

The subject site address of 6495 Lone Star Road was listed in the EDR-provided government database report on the Emergency Response Notification System (ERNS) and San Diego County Hazardous Material Management Division (San Diego Co. HMMD) databases. An emergency response was reported on the ERNS database as having occurred on April 11, 1992. According to the EDR-provided Site Report, two workers and a fireman were overcome by gasoline vapors as a result of tanker truck cleaning activities conducted on-site. No product was reported to have been released. The subject site address was identified on the San Diego Co. HMMD database as an inactive site. No sites with reported releases of hazardous materials to the subsurface were reported within a one-mile-mile radius of the subject site.

In general, only potentially hazardous materials released from facilities located approximately up-gradient and within a few hundred feet of the site, or in a cross-gradient direction close to the site, are judged to have a reasonable potential of migrating to the site. This opinion is based on the assumption that materials generally do not migrate large distances laterally within the soil, but rather tend to migrate with groundwater in the general direction of groundwater flow.

The remaining properties within the specified search radius of the subject site, which appear on local, state or federally published lists of sites that use or have had releases of hazardous materials, are of sufficient distance and/or situated cross/downgradient to the subject site, such that impact to the subject site is not likely.

6.0 DISCUSSION OF FINDINGS

The subject site is an approximately 153-acre irregular-shaped parcel located on the northwest corner of Otay Mesa and Harvest Roads in unincorporated San Diego County. Based upon Krazan's review of historical aerial photographs dating to 1953, the subject site has been primarily utilized for agricultural purposes from at least 1953 until approximately the early 1990s with the exception of single-family residential structures and associated out-buildings that were historically located along the northern boundary of the subject site dating to 1953.

At the time of Krazan's site reconnaissance, the subject site was primarily undeveloped land with the exception of a single-family residential structure and associated truck farm at 6495 Lone Star Road located near the northwest corner of the subject site. The approximately 1,800 square-foot single-family residential structure is of wood frame construction with stucco exterior walls on a concrete slab-on-grade foundation that appeared to be constructed in the early 1970s. Based upon the age of the residential structure located on the subject site, it is likely that ACMs and LBP may have historically been utilized for the construction and maintenance of the single-family dwelling. Therefore, Krazan recommends conducting a pre-demolition asbestos and LBP survey of the residential structure. Moderate quantities of paints and paint-related materials in one and five-gallon containers are stored in various locations around the exterior of the residential structure. Only minor surface staining of the soil was observed in the paint storage areas. Additionally, one empty 1,000 gallon steel AST was located south of the residential structure. No surface staining of the soil in the vicinity of the AST was observed. Two approximately 1,200 square-foot metal storage buildings on concrete slab-on-grade foundations are located east of the single-family residential structure. At the time of Krazan's site reconnaissance the storage buildings contained household appliances, furniture, tires and miscellaneous household debris. A gravel parking lot adjoins the storage buildings to the north and west. Five tanker trucks were observed to be parked in the parking lot. Minor surface staining of the gravel parking lot surface was observed in the vicinity of the tanker trucks. At the time of Krazan's site reconnaissance it appeared that commercial vehicle maintenance activities were being conducted on this portion of the subject site. According to SDCDEH

records, the subject site address of 6495 Lone Star Road was identified as a small quantity generator of used oil. The last SDCDEH inspection of the facility was conducted in July 1992, at which time one 55-gallon drum containing used oil was observed. The facility reportedly generated a maximum of 110 gallons of used oil annually. No permits for USTs were on file at the SDCDEH for the subject site address. Based upon the use of this portion of the subject site for commercial vehicle maintenance, Krazan recommends conducting a LSA in the truck farm area and paint storage areas to determine if on-site shallow soils have been impacted by petroleum hydrocarbons and solvents.

A septic system and domestic water well are likely associated with the on-site single-family dwelling at 6495 Lone Star Road, located near the northwest corner of the subject site. However, it is unknown if a septic system or water well is currently located in the vicinity of the on-site dwelling. The presence of a septic system generally is not anticipated to adversely impact the subject site due to its use for domestic purposes only. However, given the apparent commercial use of the property for vehicle maintenance activities, a septic system has the potential to provide a migration pathway for hazardous materials utilized in on-site vehicle maintenance operations into the soil and groundwater beneath the subject site. If a septic system or domestic water well is identified during the redevelopment of the subject site, then the septic system and domestic water well should be properly abandoned/closed or destroyed in accordance with local and state guidelines. Additionally, Krazan recommends conducting a LSA in the vicinity of the septic system to evaluate whether on-site soils have been impacted by hazardous materials which may have been disposed of into the septic system.

Review of historical aerial photographs and visual observations made during Krazan's site reconnaissance indicate that the subject site was utilized for agricultural purposes for the cultivation of row crops from at least 1953 to approximately 1994. Agricultural chemicals in use today are applied in dilute concentrations and when used properly degrade relatively quickly. However, environmentally-persistent pesticides used in the past can linger in the soil for many years. It is not known if environmentally-persistent pesticides have been applied to the row crops grown on the subject site in the past. Generally, sampling and analysis of surface soils from properties with similar agricultural histories has typically yielded non-detectable concentrations of environmentally-persistent pesticides. Therefore, the potential for elevated concentrations of environmentally-persistent pesticides to exist in the near-surface soils of the subject site, which would require regulatory action, appears to be low. However, in order to verify the potential concentrations of environmentally-persistent pesticides in the subject site's near-surface soils, Krazan recommends conducting a LSA to identify environmentally-persistent pesticides and herbicides which may have been used in past on-site agricultural operations. Additionally,

agricultural wells are likely to be located on the subject site. During Krazan's site reconnaissance, no agricultural wells were observed on the subject site. However, prior to the redevelopment of the subject site, Krazan recommends that agricultural wells (if any) be abandoned in accordance with all applicable state and local regulations.

The subject site address of 6495 Lone Star Road was listed in the EDR-provided government database report on the ERNS and San Diego Co. HMMD databases. An emergency response was reported on the ERNS database as having occurred on April 11, 1992. According to the EDR-provided Site Report, two workers and a fireman were overcome by gasoline vapors as a result of tanker truck cleaning activities conducted on-site. No product was reported to have been released. The subject site address was identified on the San Diego Co. HMMD database as an inactive site. No sites with reported releases of hazardous materials to the subsurface were reported within a one-mile-mile radius of the subject site. Based on the observed uses of the properties located immediately adjacent to the subject site, it is unlikely that significant quantities of hazardous materials are stored or handled at the adjacent properties.

7.0 CONCLUSIONS/OPINIONS

We have conducted a Phase I ESA of the subject site in conformance with the scope and limitations of the ASTM E1527-00 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. Any deviations from this practice were previously described in this report. This assessment has revealed the following evidence of RECs in connection with the subject site:

- The northwest corner of the subject site is occupied by a single-family residential structure and associated truck farm at 6495 Lone Star Road. The truck farm comprised a gravel parking lot adjoining the residential structure to the east. At the time of Krazan's site reconnaissance, five tanker trucks were stored in the truck farm area and one empty 1,000 gallon steel AST was located south of the residential structure. It appeared that commercial vehicle maintenance activities are being conducted on the subject site. Additionally, moderate quantities of paints and paint-related materials are stored in various locations around the exterior of the residential structure. Only minor surface staining of the soil was observed in the paint storage areas and within the truck farm area. Krazan recommends conducting a LSA in the truck farm area and paint storage areas to determine if on-site shallow soils have been impacted by petroleum hydrocarbons and solvents.

- A septic system and domestic water well are likely associated with the on-site dwelling located near the northwest corner of the subject site. However, it is unknown if a septic system or water well is currently located in the vicinity of the on-site dwelling. The presence of a septic system generally is not anticipated to adversely impact the subject site due to its use for domestic

purposes only. However, given the apparent commercial use of the property for vehicle maintenance activities, a septic system has the potential to provide a migration pathway for hazardous materials utilized in on-site vehicle maintenance operations into the soil and groundwater beneath the subject site. If a septic system or domestic water well is identified during the redevelopment of the subject site, then the septic system and domestic water well should be properly abandoned/closed or destroyed in accordance with local and state guidelines. Additionally, Krazan recommends conducting a LSA in the vicinity of the septic system to evaluate whether on-site soils have been impacted by hazardous materials which may have been disposed of into the septic system.

- Review of historical aerial photographs and visual observations made during Krazan's site reconnaissance indicate that the subject site was utilized for agricultural purposes for the cultivation of row crops from at least 1953 to approximately 1994. Agricultural chemicals in use today are applied in dilute concentrations and when used properly degrade relatively quickly. However, environmentally-persistent pesticides used in the past can linger in the soil for many years. It is not known if environmentally-persistent pesticides have been applied to the row crops grown on the subject site in the past. Generally, sampling and analysis of surface soils from properties with similar agricultural histories has typically yielded non-detectable concentrations of environmentally-persistent pesticides. Therefore, the potential for elevated concentrations of environmentally-persistent pesticides to exist in the near-surface soils of the subject site, which would require regulatory action, appears to be low. However, in order to verify the potential concentrations of environmentally-persistent pesticides in the subject site's near-surface soils, Krazan recommends conducting a LSA to identify environmentally-persistent pesticides and herbicides which may have been used in past on-site agricultural operations.

Additionally, the following Business Environmental Risk items were identified:

- Based upon the past use of the subject site for agricultural purposes, agricultural wells are likely to be located on the subject site. During Krazan's site reconnaissance, no agricultural wells were observed on the subject site. However, prior to the redevelopment of the subject site, Krazan recommends that agricultural wells (if any) be abandoned in accordance with all applicable state and local regulations.

- Based upon the age of the residential structure located on the subject site, it is likely that ACMs and LBP may have historically been utilized for the construction and maintenance of the single-family dwelling. Therefore, Krazan recommends conducting a pre-demolition asbestos and LBP survey of the residential structure.

8.0 LIMITATIONS

This reconnaissance and review of the subject site has been limited in scope. This type of investigation is undertaken with the calculated risk that the presence, full nature, and extent of contamination would not be revealed by visual observation alone. Although a thorough site reconnaissance was conducted in accordance with ASTM Guidelines and employing a professional standard of care, no warranty is given, either expressed or implied, that hazardous material contamination or buried structures, which would not

have been disclosed through this investigation, do not exist at the subject site. Therefore, the data obtained are clear and accurate only to the degree implied by the sources and methods used.

The findings presented in this report were based upon field observations during a single property visit, review of available data, and discussions with local regulatory and advisory agencies. Observations describe only the conditions present at the time of this investigation. The data reviewed and observations made are limited to accessible areas and currently available records searched. Krazan cannot guarantee the completeness or accuracy of the regulatory agency records reviewed. Additionally, in evaluating the property, Krazan has relied in good faith upon representations and information provided by individuals noted in the report with respect to present operations and existing property conditions, and the historic uses of the property. It must also be understood that changing circumstances in the property usage, proposed property usage, subject site zoning, and changes in the environmental status of the other nearby properties can alter the validity of conclusions and information contained in this report.

This report is provided for the exclusive use of the client noted on the cover page and shall be subject to the terms and conditions in the applicable contract between the client and Krazan. Any third party use of this report shall also be subject to the terms and conditions governing the work in the contract between the client and Krazan. The unauthorized use of, reliance on, or release of the information contained in this report without the expressed written consent of Krazan is strictly prohibited and will be without risk or liability to Krazan.

Conclusions and recommendations contained in this report are based on the evaluation of information made available during the course of this assessment. It is not warranted that such data cannot be superseded by future environmental, legal, geotechnical or technical developments.

9.0 QUALIFICATIONS

This Phase I ESA was conducted by Krazan's undersigned environmental professional under the supervision of the undersigned registered engineer. The work was conducted in accordance with ASTM 1527-00 and generally accepted industry standards for environmental due diligence in place at the time of the preparation of this report.

If you have any questions, or if we can be of further assistance, please do not hesitate to contact our office at (909) 974-4400.

Respectfully submitted,
KRAZAN & ASSOCIATES, INC.

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Environmental Division Manager

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MGR/CJ
2c: herewith

REFERENCES

Aerial photographs provided by Environmental Data Resources, Inc.

California Environmental Protection Agency (Cal-EPA), Recorded Deed Restriction List, 1994.

Cal-EPA Voluntary Cleanup Program.

California Statewide Radon Survey Screening results conducting during 1990-1991.

County of San Diego Building Department records.

City of San Diego Water Department records.

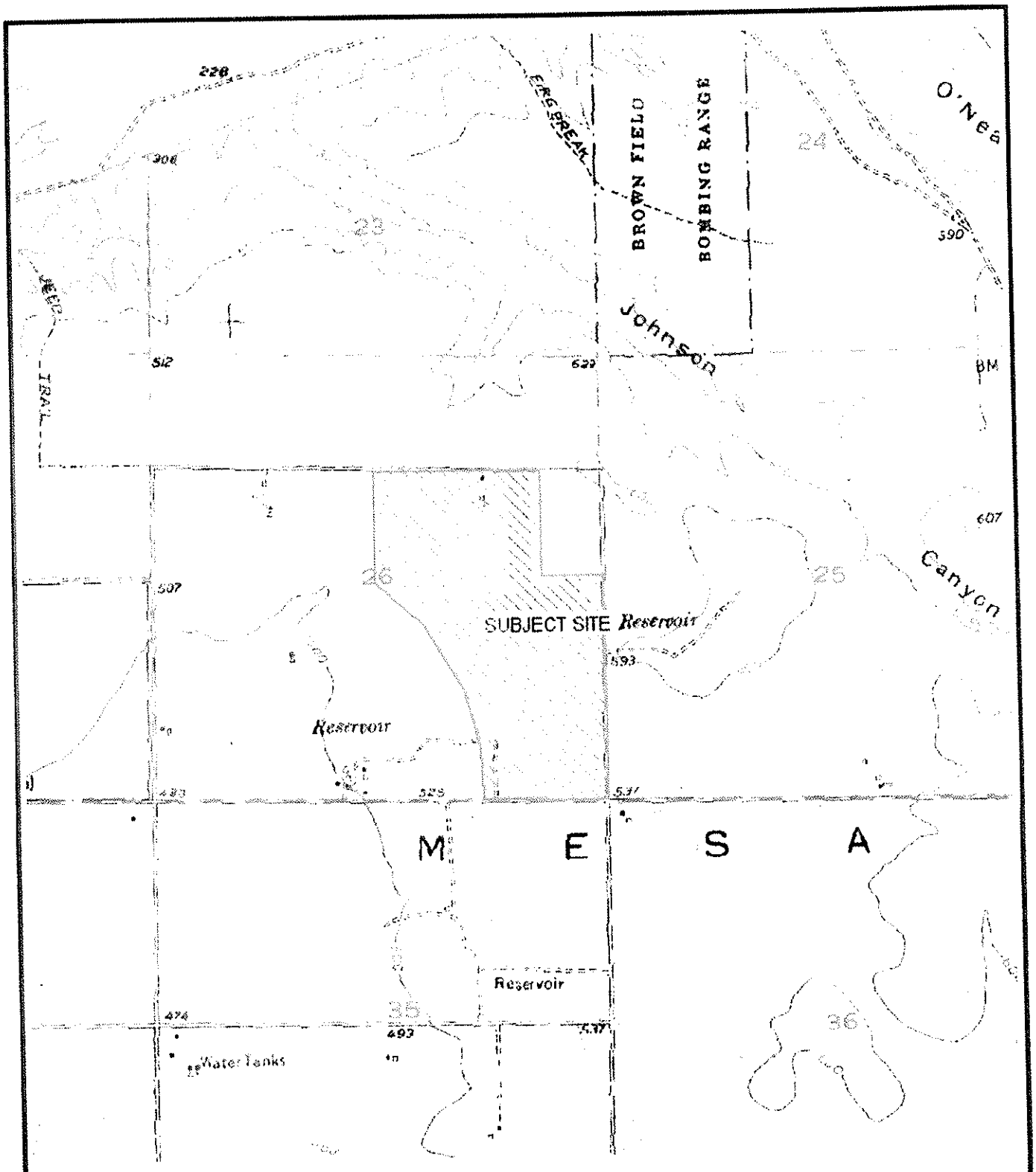
Federal and State regulatory agency lists compiled by EDR.

San Diego County Department of Environmental Health records.

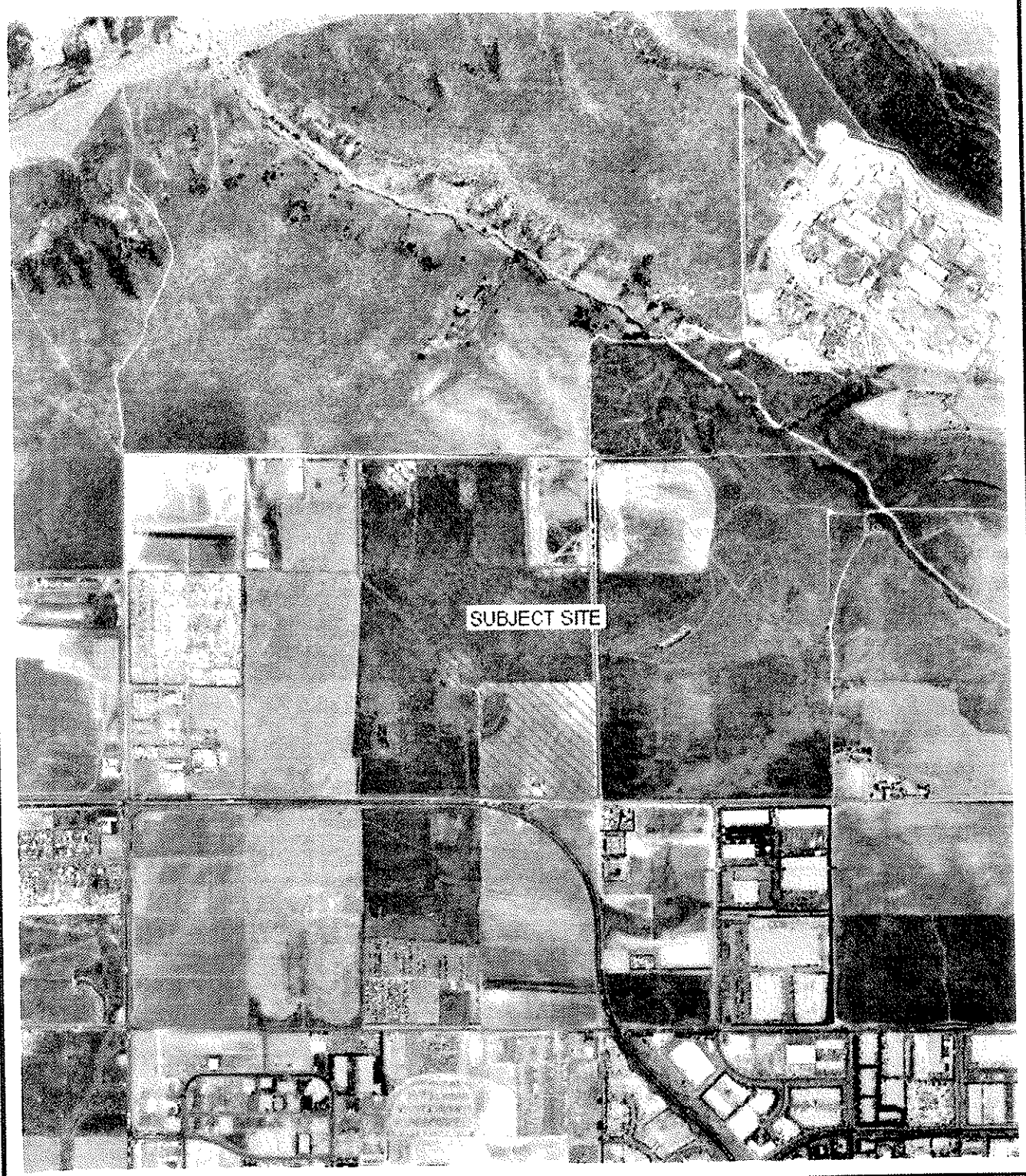
The Munger Map Book, California – Alaska Oil & Gas Fields, Munger Maps – 1999.

U.S. EPA Federal Superfund Liens List and the U.S. EPA California Liens, 1995.

U.S. Geological Survey, 7.5 minute Otay Mesa, California topographic quadrangle map, dated 1996.



153-ACRE VACANT LAND **NWC OTAY MESA AND HARVEST ROADS** **OTAY MESA, CALIFORNIA**	Scale: NTS	Date: 05/2005	Kazan SITE DEVELOPMENT ENGINEERS Offices Serving the Western United States
	Drawn by: MGR	Approved by: RPO	
VICINITY MAP	Project No.: 114-05035	Figure No.: 1	

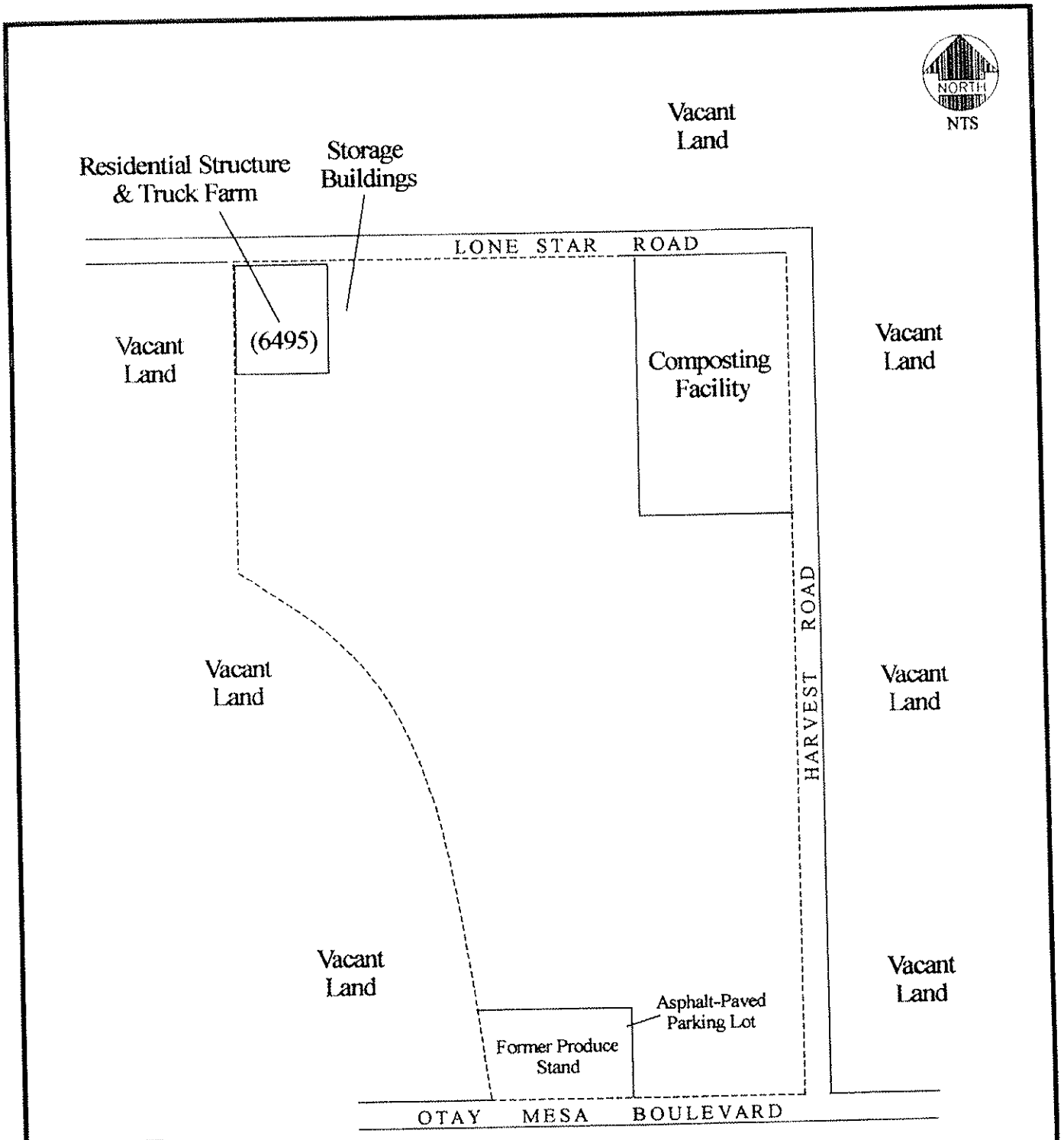


153-ACRE VACANT LAND
NWC OTAY MESA AND HARVEST ROADS
OTAY MESA, CALIFORNIA

AERIAL PHOTOGRAPH

Scale:	Date:
NTS	05/2005
Drawn by	Approved by
MGR	RPO
Project No.	Figure No.
114-05035	2

Krazan
SITE DEVELOPMENT ENGINEERS
Offices Serving the Western United States



LEGEND

-------- Subject Site Boundary

153-ACRE VACANT LAND **NWC OTAY MESA AND HARVEST ROADS** **OTAY MESA, CALIFORNIA**	Scale: NTS	Date: 05/2005	Kazan SITE DEVELOPMENT ENGINEERS Offices Serving the Western United States
	Drawn by: MGR	Approved by: RPO	
SITE MAP	Project No: 114-05035	Figure No: 3	

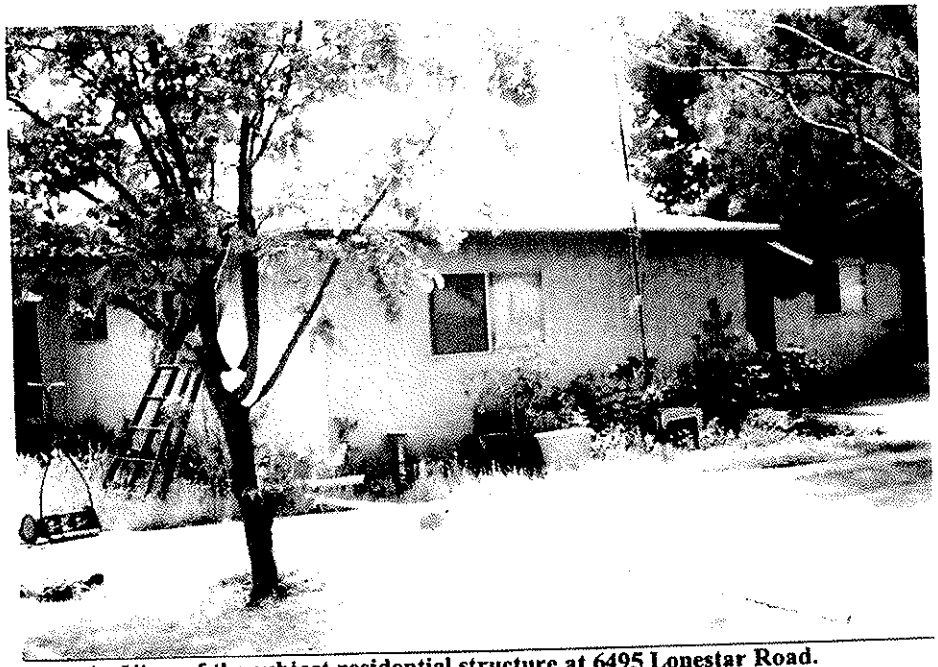


Photo 1: View of the subject residential structure at 6495 Lonestar Road.

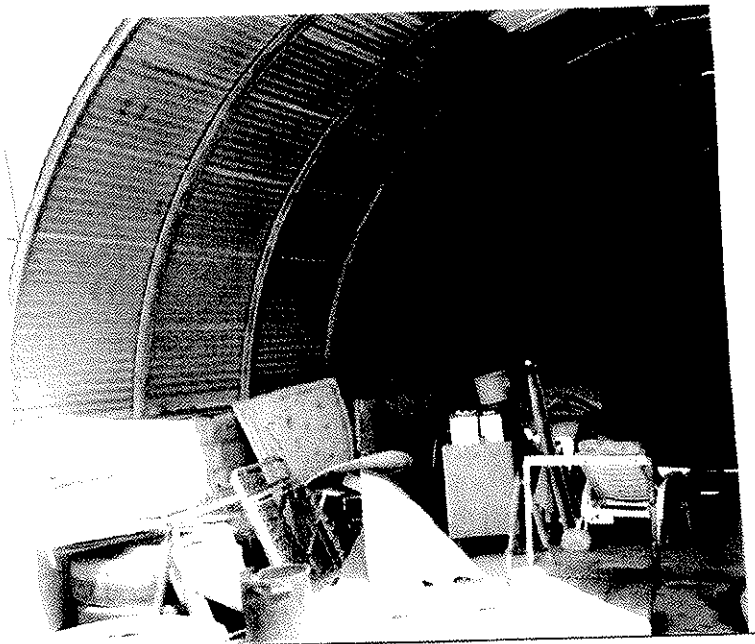


Photo 2: View of the metal storage building interior.

153-ACRE VACANT PARCEL **NWC Otay Mesa and Harvest Roads** **Otay Mesa, California**	**Project No.** 114-05035 **Date:** May 2005 **Approved by:** Richard Opp	Krazan

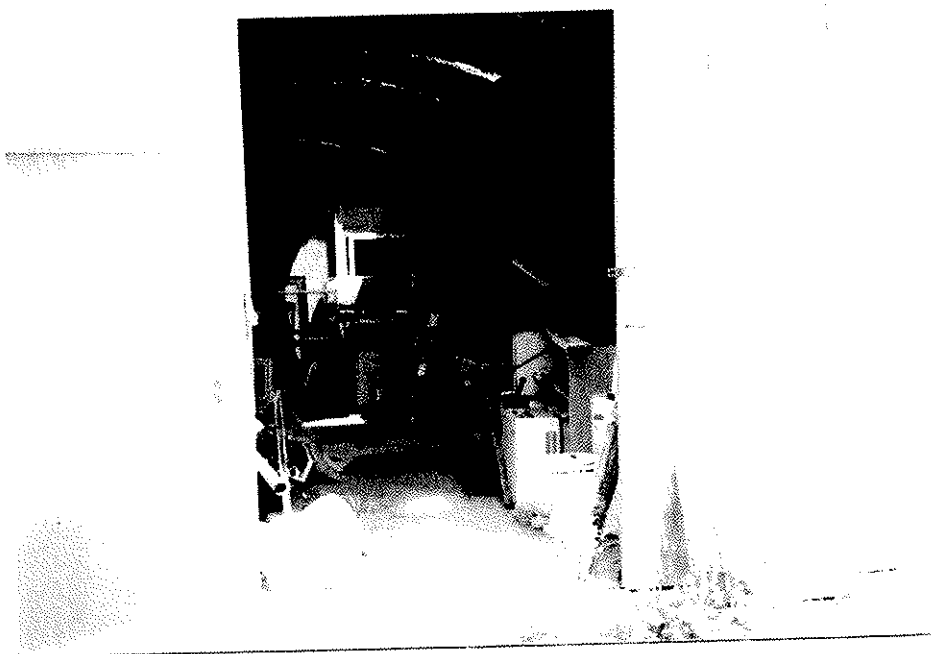


Photo 3: View of the metal storage building interior.

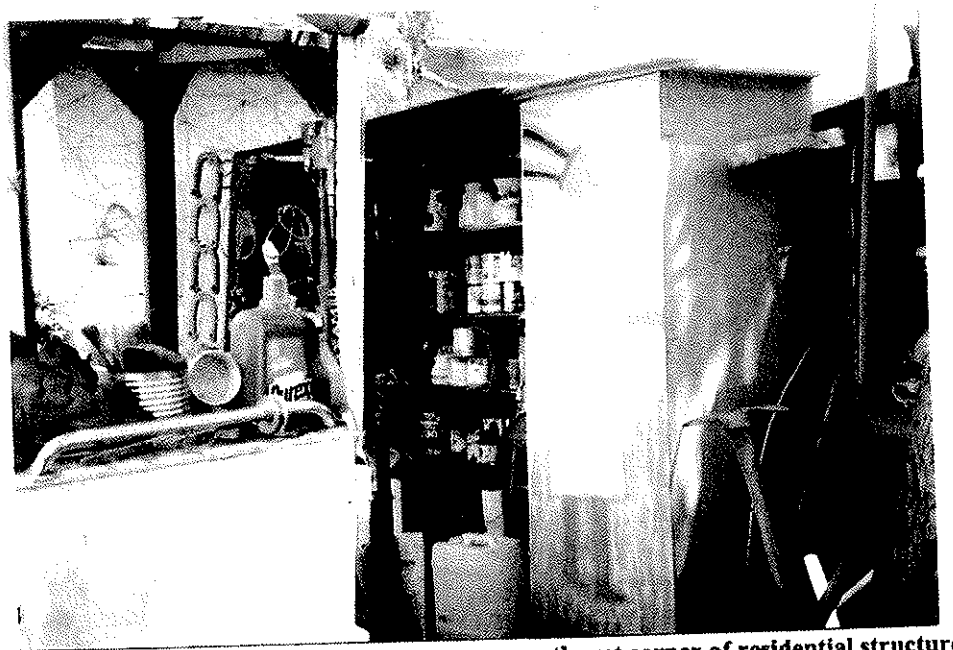


Photo 4: View of the paint storage area near northwest corner of residential structure.

153-ACRE VACANT PARCEL **NWC Otay Mesa and Harvest Roads** **Otay Mesa, California**	**Project No.** 114-05035 **Date:** May 2005 **Approved by:** Richard Opp	Krazan

Photo 5: View of the paint storage area near northeast corner of residential structure.

Photo 6: Storage yard located south and east of the residential structure.

Photo 7: Storage yard located south and east of the residential structure.

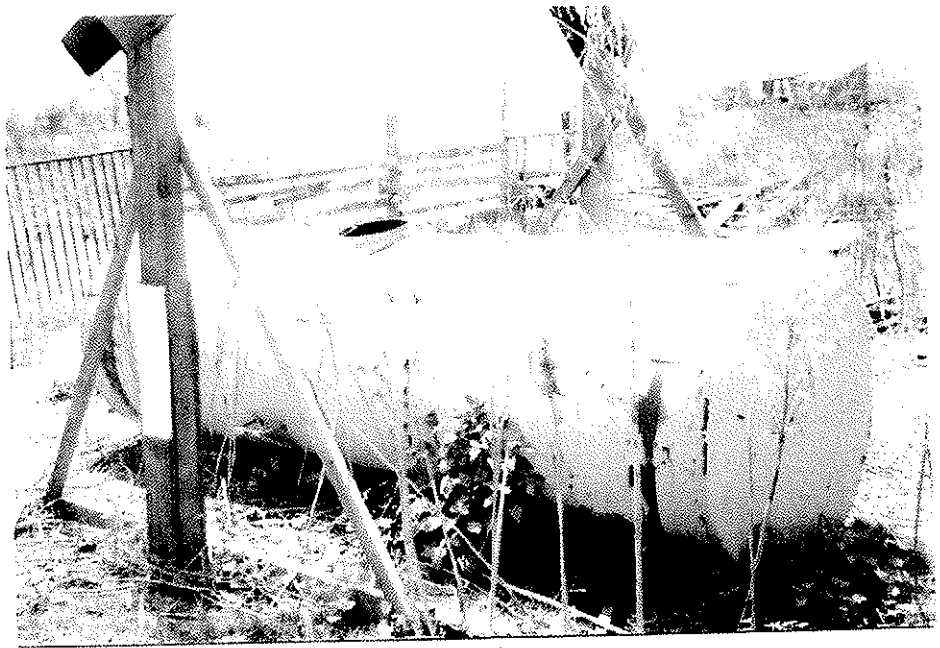


Photo 8: Empty AST located in storage yard.

153-ACRE VACANT PARCEL **NWC Otay Mesa and Harvest Roads** **Otay Mesa, California**	**Project No.** 114-05035 **Date:** May 2005 **Approved by:** Richard Opp	Krazan

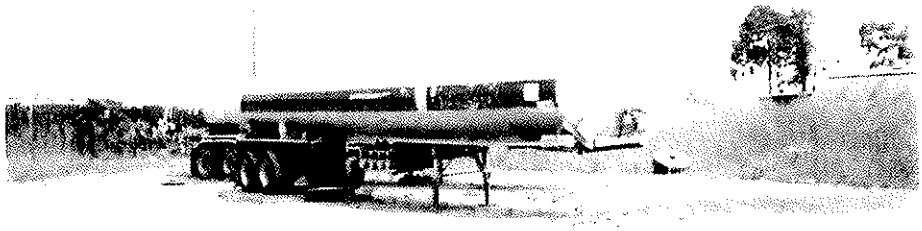


Photo 9: Tanker trucks located east of residential structure.

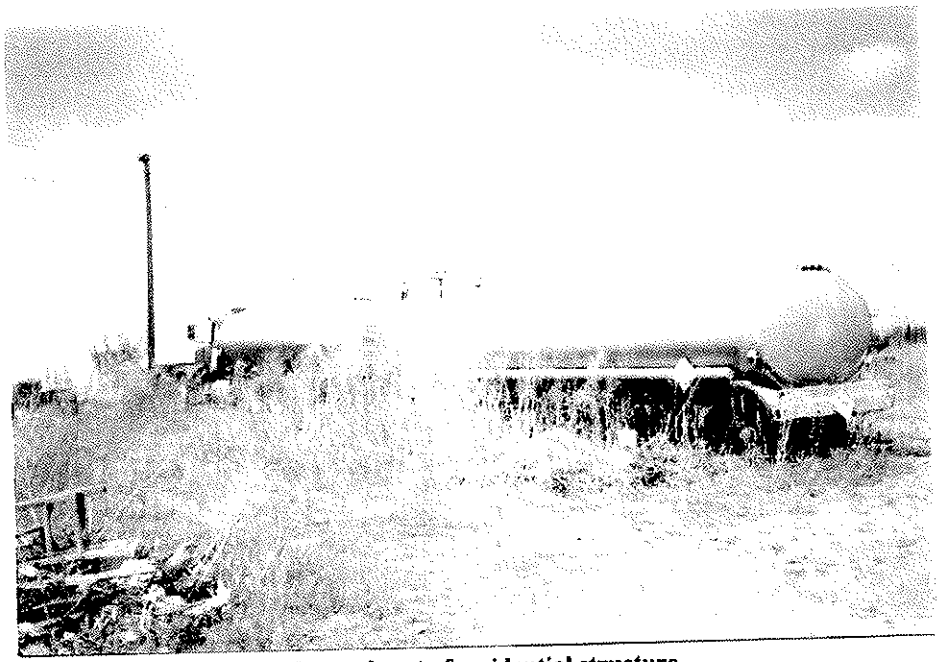


Photo 10: Tanker trucks located east of residential structure.

Photo 11: View of the subject site looking northeast.

Photo 12: View of former produce stand area near southeast corner of the subject site.

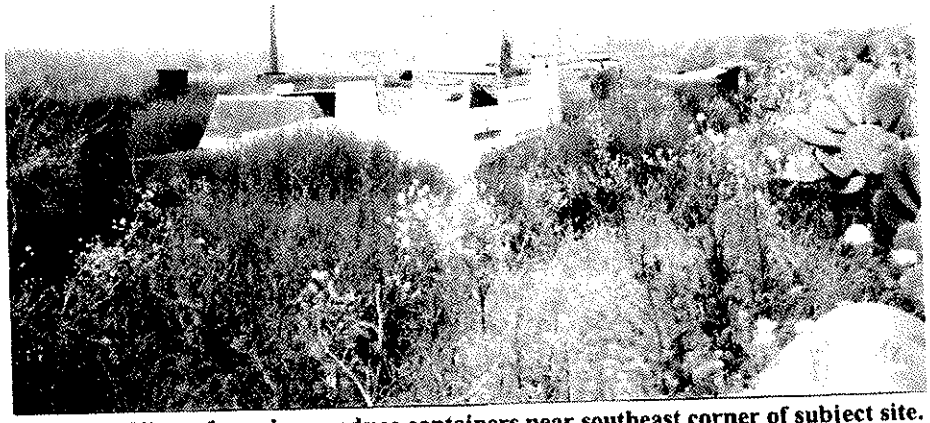


Photo 13: View of wooden produce containers near southeast corner of subject site.

Photo 14: View of subject site looking southwest.

153-ACRE VACANT PARCEL **NWC Otay Mesa and Harvest Roads** **Otay Mesa, California**	**Project No.** 114-05035 **Date:** May 2005 **Approved by:** Richard Opp	Krazan

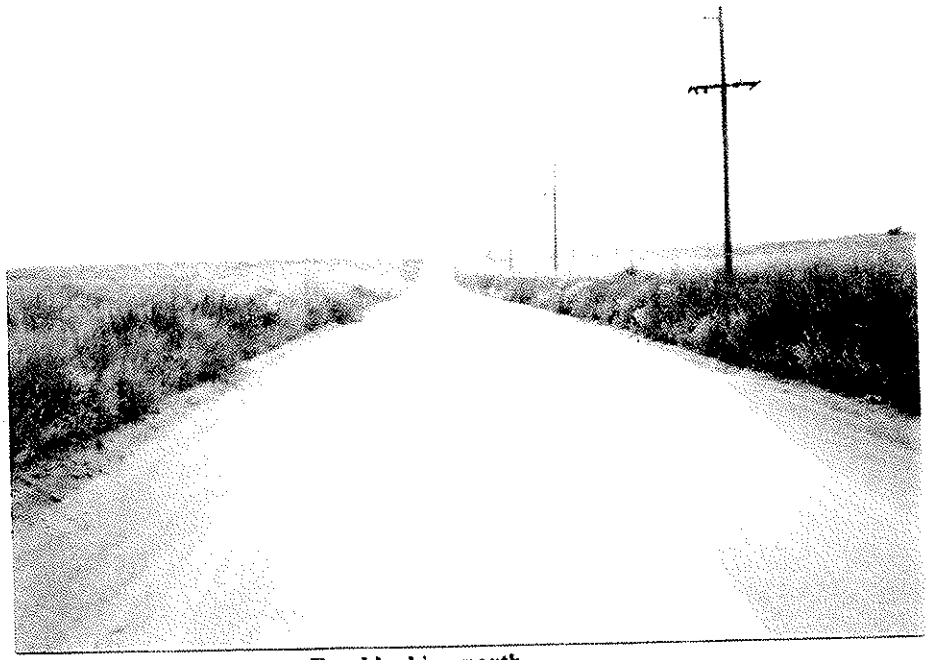


Photo 15: View of Harvest Road looking north.

Photo 16: View of the adjoining composting facility near northeast corner of subject site.

153-ACRE VACANT PARCEL **NWC Otay Mesa and Harvest Roads** **Otay Mesa, California**	**Project No.** 114-05035 **Date:** May 2005 **Approved by:** Richard Opp	Krazan

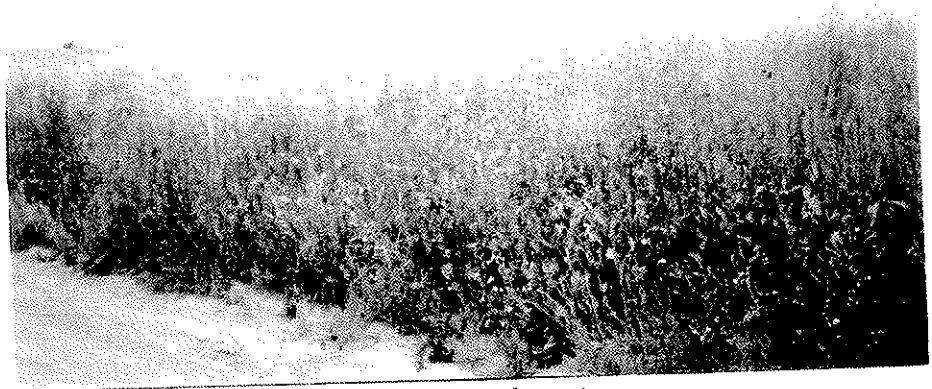


Photo 17: View of the adjoining property to the east.